

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2540 - SB 2792

March 10, 2022

SUMMARY OF BILL: Requires the dollar value of the Basic Education Program (BEP) instructional salaries and wages position components for FY22-23 to be the average statewide licensed teacher salary for the 2020-21 school year. Requires the dollar value of the BEP Components to be adjusted in subsequent fiscal years.

FISCAL IMPACT:

Increase State Expenditures - \$344,215,000/FY22-23 and Subsequent Years

Increase Local Expenditures - \$1,707,000/FY22-23 and Subsequent Years*

Assumptions:

- The FY20-21 average licensed personnel salary as reported in TN Compass was \$55,917.
- Re-calculating the FY21-22 BEP formula using \$55,917 as the component will result in an increase in state expenditures of \$344,215,000 for BEP instructional positions.
- The increase in state BEP funding would also increase the BEP required local match by \$154,293,000. All but seven LEAs already contribute local funds in excess of the new required local match and would not have to increase local funding as a result of this bill. The affected districts would need to increase local contributions by \$1,706,971.
- The other LEAs will not be required to increase local funding; however, such increase in the required match may displace existing planned costs resulting in an increase in permissive local expenditures.
- However, future legislation which alters the BEP funding formula may result in local governments utilizing current excess local contributions to fund the minimum local match requirement and a combination of multiple such legislation may result in mandatory increases in local match requirements for certain school districts.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The script is cursive and fluid, with the first letters of each name being capitalized and prominent.

Krista Lee Carsner, Executive Director

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